



September 15, 2008

**VIA ELECTRONIC FILING**

Mr. Charles Terreni  
Chief Clerk and Administrator  
South Carolina Public Service Commission  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Dear Mr. Terreni:

Re: Filing of Quarterly Monitoring Report by Piedmont Natural Gas Company, Inc.  
Pursuant to S.C. Code §58-5-430  
Docket No. 2005-125-G

Pursuant to Section 58-5-430 of the South Carolina Natural Gas Rate Stabilization Act, enclosed is the quarterly monitoring report for the twelve-month period ending June 30, 2008, for Piedmont Natural Gas Company, Inc.

If you have any questions about this filing, you may reach me at 704-731-4560 or David Carpenter at 704-731-4242.

Sincerely,

s/ Jenny Furr  
Jenny Furr  
Manager, Regulatory Reporting

Enclosures

c: ORS – Carey Flynt (5 copies via overnight delivery)  
Scott Elliott  
James H. Jeffries IV

Net Operating Income and Rate of Return  
For The Twelve Months Ended June 30, 2008  
South Carolina  
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	(1)	(2)	(3)
	<u>Per Filing</u>	<u>Accounting And Pro Forma Adjustments</u>	<u>After Pro Forma Adjustments</u>
Operating Revenues			
Sale of Gas	\$207,999,785	\$ 60,919,865	\$268,919,650
Other Operating Revenues	1,013,829	-	1,013,829
Total Operating Revenue	<u>\$ 209,013,614</u>	<u>\$ 60,919,865</u>	<u>\$ 269,933,479</u>
Operating Expenses			
Cost of Gas	\$ 138,052,783	\$ 55,195,656	\$193,248,440
Other Operation & Maintenance	29,556,021	(\$885,193)	28,670,828
Depreciation	11,600,044	360,581	11,960,625
General Taxes	5,324,993	550,393	5,875,386
State Income Taxes	1,049,846	134,040	1,183,886
Federal Income Taxes	6,191,692	1,658,168	7,849,860
Amort. of ITC	(58,083)	-	(58,083)
Total Operating Expenses	<u>\$ 191,717,296</u>	<u>\$ 57,013,646</u>	<u>\$ 248,730,942</u>
Net Operating Income	<u>\$ 17,296,319</u>	<u>\$ 3,906,219</u>	<u>\$ 21,202,537</u>
Interest on Customer Deposits	(132,996)	-	(132,996)
Amortization of Debt Redemption Premium	(14,606)	267	(14,339)
AFDUC	215,780		215,780
Customer Growth	130,853	17,111	\$147,964
Net Operating Income For Return	<u>\$ 17,495,350</u>	<u>\$ 3,923,597</u>	<u>\$ 21,418,946</u>
Original Cost Rate Base			
Plant in Service	\$ 371,419,572		\$ 371,419,572
Accumulated Depreciation	(139,772,389)		(139,772,389)
Net Plant in Service	<u>\$ 231,647,183</u>	<u>\$ -</u>	<u>\$ 231,647,183</u>
Add:			
Construction Work In Progress	4,773,647		4,773,647
Materials and Supplies	21,030,778		21,030,778
Cash Working Capital	1,333,992	(52,408)	1,281,584
Deduct:			
Customer Advances for Construction	-		-
Customer Deposits	3,705,012		3,705,012
Accumulated Deferred Income Taxes	36,049,549		36,049,549
Unclaimed Funds	377,536		377,536
Total Original Cost Rate Base	<u>\$ 218,653,505</u>	<u>\$ (52,408)</u>	<u>\$ 218,601,097</u>
Return on rate base	<u>8.00%</u>		<u>9.80%</u>

Net Operating Income and Rate of Return  
For The Twelve Months Ended June 30, 2008  
South Carolina  
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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	After Accounting and Proforma Adjustments							
	Per Books Capitalization	Accounting and Pro Forma Adjustments	Settlement Capitalization	Ratio %	Cost Net Investment	Embedded Cost %	Overall Cost Rate %	Net Operating Income
1. Long-Term Debt	\$ 814,375,384	(57,914,799)	\$ 756,460,585	43.50%	\$ 95,091,477	6.91%	3.00%	\$ 8,568,919
2. Common Equity	924,614,467	57,914,799	\$ 982,529,266	56.50%	123,509,620	12.02%	6.79%	14,850,027
3. Total	<u>\$ 1,738,989,851</u>	<u>(0)</u>	<u>\$ 1,738,989,851</u>	<u>100.00%</u>	<u>\$ 218,601,097</u>		<u>9.80%</u>	<u>\$ 21,418,946</u>

CERTIFICATION

I, Thomas E. Skains and David J. Dzuricky, state and attest, under penalty of perjury, that the attached Quarterly Monitoring Report is filed on behalf of Piedmont Natural Gas Company, Inc. as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Thomas E. Skains

Thomas E. Skains  
President and CEO

9/12/03

Date Signed

David J. Dzuricky

David J. Dzuricky  
Senior Vice President and CFO

9/12/08

Date Signed

Subscribed and Sworn to before me this

12 day of September, 2008.

Winifred Smith

Notary Public

My Commission Expires March 2, 2010.

